

## AMENDMENTS TO THE SPECIFICATION:

Please amend the paragraph on page 15, lines 11 through 18 as follows:

The first image input unit 101 is connected to an ~~image-sensing device~~  
image-sensing device such as a camera or the like, or an external image signal output device.  
The first image input unit 101 inputs luminance and chromaticity signals which form a first  
image signal to be encoded in a raster scan order, and the input signals undergo transformation in  
the first discrete wavelet transformer 102.

Please amend the paragraph on page 16, lines 10 through 20 as follows:

Fig. 2B shows a state wherein the input multi-valued image signal is segmented into  
different frequency bands as a result of the transformation process by the first discrete wavelet  
transformer 102 with the arrangement shown in Fig. 2A. In this example, the respective  
frequency bands are labeled ~~like as~~ HH1, HL1, LH1, HH2, HL2, LH2, and LL. In the following  
description, one set of transformation processes in the horizontal and vertical directions are  
considered as one level of decomposition, and the frequency bands HH1, HL1, LH1,..., LL will  
be referred to as subbands.